Bell Atlantic Network Services, Inc.
1133 Twentieth Street, N.W.
Suite 800
Washington, DC 20036
202 392-1187

Gerald Asch
Director/FCC Relations

EX PARTE OR LATE FILED

September 23, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street NW - Room 222
Washington, D.C. 20554

Re: Ex Parte Meeting
CC Docket No. 96-45, Federal-State Joint Board on Universal Service

Dear Mr. Caton:

On September 23,1996, John Broten, Larry Katz, Joe Mulieri and the undersigned representing Bell Atlantic met with John Morabito and Jeanine Poltronieri of Federal Communications Commission's Common Carrier Bureau, Accounting and Audits Division regarding the above referenced proceeding. A copy of the handout used to guide the discussion is attached.

The viewpoints expressed in this meeting were consistent with Bell Atlantic's written comments before the Commission and expressed in other Ex Parte presentations.

An original and a copy of this Ex Parte, are being filed in the office of the Secretary on September 23, 1996. Please include it in the public record of this proceeding.

Respectfully submitted,

Gerald Asch
Director - FCC Relations

cc: Mr. J. Morabito
Ms. J. Poltronieri

Bell Atlantic Universal Service Plan

Basic Principles

The definition of universal service should include: single party residential voice grade access; touchtone; access to 911/E911; access to operator services; white page directory listing.

Universal service support should be based on incumbent LEC's actual costs. The data is readily available and verifiable and reflects the costs of the network currently in place to provide universal service.

States should have a primary role in the distribution of high cost funds to eligible carriers.

Affordability should be considered on a localized vs. national basis.

All universal service funding should be through an end user surcharge based on total retail revenues.

Components of Bell Atlantic's Proposal

High Cost

Federal funding should be based on the average loop costs in a state relative to the nationwide average loop costs.

Three adjustments are necessary to reflect a state's ability to fund universal service requirements while considering the potential burden on a specific state's consumers relative to other states.

1. Level of loop cost above the nationwide average - The more a state's average cost per loop is above the nationwide average, the higher the per-loop funding for which the state qualifies.

2. Number of loops in a state relative to nationwide average - The more the number of loops in a state exceeds the nationwide average number of loops per jurisdiction, the lower the per-loop funding for which the state qualifies.

3. Reduction for high-income areas - A state's high cost fund may be reduced for areas within that state with average household income that significantly exceeds the national average (unless these areas also have loop costs that are at least double the national average), because these areas do not need high cost support to maintain affordable rates.

Necessary data is readily available from historic records and the resulting fund amounts can be directed to eligible carriers as determined by the states subject to consideration of local affordability.

Network Assurance

This component is required to afford LECs the ability to recover their actual costs of operating the network as a carrier of last resort and to ensure that the platform that will enable development of a competitive market is maintained.

Provides for recovery of the carrier common line charge during a transition period of five years. Increases to the subscriber line charge phased-in over five years will reduce the carrier common line funding included in the fund. Following the five year transition, only the remaining carrier common line charge that is not covered by the subscriber line charge will continue to be included in the fund.

Through application of a specific formula on an annual basis, the fund will provide for recovery of implicit intrastate subsidies (difference between TELRIC pricing and retail rates) that will be eroded through implementation of the FCC's Interconnection Order.

Lifeline and Link-up Programs

These programs should be continued using the same processes and criteria that are in place under existing rules.

Education & Libraries

The level of discounts on services available to schools and libraries would consider: a level of affordability to be based on the relative level of poverty within the population served, and; and the degree to which the school or library serves rural areas.

The range of discounts would be between 30-70% with some quantity limitations.

Rural Health Care

Use the average of urban rates in a state as prices offered to rural non-profit health care providers.

BELL ATLANTIC PROPOSED
HIGH COST FUNDING BY STATE

		USF LOOPS	SACL	ST LOOP TO AVG	% SACL OF NACL	LOOP FACTOR	COST FACTOR	SACL-NACL	PROPOSED ANNUAL HCF	CURRENT ANNUAL USF	HCF PER LOOP/MO.	USF PER LOOP/MO.
		(A)	(B)	(C=A/A56)	(D=B/B57)	(E)	(F)	(G=B-B57)	(H=A*E*F*G)	(I)	(J=H/A/12)	(K=I/A/12)
1	MICRONESIA	14,730	$681.30	0.5%	274%	1.00	1.00	$433.01	$6,378,237	$4,247,539	$36.08	$24.03
2	VIRGIN ISLANDS	57,733	$560.39	2.0%	226%	1.00	1.00	$312.10	$18,018,469	$11,399,509	$26.01	$16.45
3	WYOMING	263,497	$393.78	9.3%	159%	1.00	0.75	$145.49	$28,752,134	$7,370,745	$9.09	$2.33
4	VERMONT	352,840	$383.16	12.4%	154%	1.00	0.75	$134.87	$35,690,648	$5,135,952	$8.43	$1.21
5	ALASKA	345,641	$381.62	12.1%	154%	1.00	0.75	$133.33	$34,563,236	$31,027,609	$8.33	$7.48
6	WEST VIRGINIA	879,754	$361.39	30.9%	146%	1.00	0.50	$113.10	$49,750,089	$19,585,121	$4.71	$1.86
7	PUERTO RICO	1,155,349	$356.78	40.6%	144%	1.00	0.50	$108.49	$62,671,907	$29,547,134	$4.52	$2.13
8	MISSISSIPPI	1,206,302	$346.53	42.4%	140%	1.00	0.50	$98.24	$59,253,554	$13,763,868	$4.09	$0.95
9	SOUTH CAROLINA	1,865,195	$345.84	65.5%	139%	0.75	0.50	$97.55	$68,231,165	$19,960,907	$3.05	$0.89
10	ARKANSAS	1,216,979	$337.80	42.8%	136%	1.00	0.50	$89.51	$54,465,895	$38,082,538	$3.73	$2.61
11	MAINE	716,488	$337.46	25.2%	136%	1.00	0.50	$89.17	$31,944,617	$7,333,716	$3.72	$0.85
12	NEW HAMPSHIRE	692,793	$334.63	24.3%	135%	1.00	0.50	$86.34	$29,907,874	$5,109,978	$3.60	$0.61
13	MONTANA	458,824	$323.08	16.1%	130%	1.00	0.50	$74.79	$17,157,723	$12,068,325	$3.12	$2.19
14	NEW MEXICO	806,382	$313.07	28.3%	126%	1.00	0.50	$64.78	$26,118,713	$16,238,092	$2.70	$1.68
15	LOUISIANA	2,213,956	$311.19	77.8%	125%	0.75	0.50	$62.90	$52,221,687	$33,181,198	$1.97	$1.25
16	GEORGIA	4,007,939	$310.56	140.9%	125%	0.25	0.50	$62.27	$31,196,795	$27,416,418	$0.65	$0.57
17	IDAHO	585,075	$310.28	20.6%	125%	1.00	0.25	$61.99	$9,067,200	$17,432,063	$1.29	$2.48
18	FLORIDA	9,005,328	$301.25	316.5%	121%	0.10	0.25	$52.96	$11,923,054	$24,545,334	$0.11	$0.23
19	NORTH CAROLINA	3,986,688	$301.22	140.1%	121%	0.25	0.25	$52.93	$13,188,462	$21,871,329	$0.28	$0.46
20	KENTUCKY	1,867,207	$294.30	65.6%	119%	0.75	0.25	$46.01	$16,108,161	$10,125,551	$0.72	$0.45
21	KANSAS	1,415,294	$284.09	49.7%	114%	1.00	0.25	$35.80	$12,666,881	$26,662,930	$0.75	$1.57
22	ARIZONA	2,295,217	$279.60	80.7%	113%	0.75	0.25	$31.31	$13,474,358	$15,625,845	$0.49	$0.57
23	HAWAII	651,599	$277.13	22.9%	112%	1.00	0.25	$28.84	$4,698,029	$0	$0.60	$0.00
24	OREGON	1,750,951	$276.13	61.5%	111%	0.75	0.25	$27.84	$9,139,964	$9,837,250	$0.44	$0.47
25	OKLAHOMA	1,733,764	$275.97	60.9%	111%	0.75	0.25	$27.68	$8,998,235	$27,039,997	$0.43	$1.30
26	TENNESSEE	2,920,411	$268.81	102.6%	108%	0.25	0.25	$20.52	$3,745,427	$3,391,731	$0.11	$0.10
27	ALABAMA	2,189,579	$264.46	76.9%	107%	0.75	0.25	$16.17	$6,638,530	$21,949,610	$0.25	$0.84
28	TEXAS	10,099,535	$264.22	354.9%	106%	0.10	0.25	$15.93	$4,022,140	$89,131,703	$0.03	$0.74
29	NEW YORK	11,586,634	$263.81	407.2%	106%	0.10	0.25	$15.52	$4,495,614	$12,216,682	$0.03	$0.09
30	NORTH DAKOTA	379,901	$263.48	13.4%	106%	1.00	0.25	$15.19	$1,442,674	$3,813,765	$0.32	$0.84
31	COLORADO	2,275,695	$260.35	80.0%	105%	0.75	0.25	$12.06	$5,145,915	$4,047,767	$0.19	$0.15
32	MISSOURI	2,942,679	$252.28	103.4%	102%	0.25	0.25	$3.99	$733,831	$46,214,438	$0.02	$1.31
33	VIRGINIA	3,825,209	$252.01	134.4%	101%	0.25	0.25	$3.72	$889,361	$4,046,586	$0.02	$0.09
34	SOUTH DAKOTA	374,500	$244.80	13.2%	99%	NA	NA	NA	NA	$2,328,390	NA	$0.52
35	CONNECTICUT	1,887,667	$243.90	66.3%	98%	NA	NA	NA	NA	$0	NA	$0.00
36	WASHINGTON	3,094,326	$235.03	108.7%	95%	NA	NA	NA	NA	$15,853,445	NA	$0.43
37	INDIANA	3,084,878	$231.16	108.4%	93%	NA	NA	NA	NA	$2,159,859	NA	$0.06
38	RHODE ISLAND	571,177	$229.24	20.1%	92%	NA	NA	NA	NA	$0	NA	$0.00
39	MINNESOTA	2,568,176	$228.56	90.3%	92%	NA	NA	NA	NA	$7,989,740	NA	$0.26
40	OHIO	6,010,829	$227.32	211.2%	92%	NA	NA	NA	NA	$2,159,579	NA	$0.03
41	MICHIGAN	5,578,197	$226.82	196.0%	91%	NA	NA	NA	NA	$11,611,663	NA	$0.17
42	MASSACHUSETTS	3,846,024	$225.25	135.2%	91%	NA	NA	NA	NA	$0	NA	$0.00
43	WISCONSIN	2,924,247	$219.80	102.8%	89%	NA	NA	NA	NA	$7,462,568	NA	$0.21
44	NEBRASKA	910,221	$216.54	32.0%	87%	NA	NA	NA	NA	$4,846,571	NA	$0.44
45	DELAWARE	465,492	$213.93	16.4%	86%	NA	NA	NA	NA	$0	NA	$0.00
46	PENNSYLVANIA	7,233,720	$213.87	254.2%	86%	NA	NA	NA	NA	$976,441	NA	$0.01
47	MARYLAND	3,114,749	$213.86	109.5%	86%	NA	NA	NA	NA	$0	NA	$0.00
48	UTAH	920,944	$208.74	32.4%	84%	NA	NA	NA	NA	$2,732,858	NA	$0.25
49	CALIFORNIA	19,444,646	$206.51	683.3%	83%	NA	NA	NA	NA	$45,813,589	NA	$0.20
50	NEW JERSEY	5,449,231	$202.66	191.5%	82%	NA	NA	NA	NA	$1,615,554	NA	$0.02
51	IOWA	1,456,987	$201.79	51.2%	81%	NA	NA	NA	NA	$3,560,167	NA	$0.20
52	NEVADA	957,264	$186.50	33.6%	75%	NA	NA	NA	NA	$2,990,416	NA	$0.26
53	ILLINOIS	7,150,327	$167.35	251.3%	67%	NA	NA	NA	NA	$3,051,035	NA	$0.04
54	DISTRICT OF COLUMBIA	848,419	$77.03	29.8%	31%	NA	NA	NA	NA	$0	NA	$0.00
55	TOTAL LOOPS	153,657,189										
56	AVERAGE LOOPS/JURIS.	2,845,504							$732,700,581	$734,573,105		$0.40
57	NACL		$248.29									

COLUMNS A, B, & I = YEAR END 12/94 USF DATA (NECA 9/95 FILING)
SACL=STATEWIDE AVERAGE COST PER LOOP
NACL=NATIONWIDE AVERAGE COST PER LOOP

COST FACTOR=	IF SACL/ NACL
0.25	>100% to 125%
0.50	>125% to 150%
0.75	>150% to 175%
1.00	>175%

LOOP FACTOR=	ST LOOPS/ AVG LOOPS
1.00	< 50%
0.75	> 50% to100%
0.25	> 100% to 150%
0.10	> 150%